

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6896

BILL NUMBER: HB 1760

NOTE PREPARED: Dec 18, 2004

BILL AMENDED:

SUBJECT: Overpayments to Health Care Providers.

FIRST AUTHOR: Rep. Pelath

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill specifies certain requirements for an insurer or a health maintenance organization in requesting repayment or adjusting subsequent claims to obtain reimbursement for an overpaid claim to a health care provider.

Effective Date: July 1, 2005.

Explanation of State Expenditures: This bill will tend to increase administrative costs for health maintenance organizations and group insurance providers which could affect costs for state and local health insurance. However, the impact is expected to be minimal.

The bill provides that claim overpayment adjustments made by an insurer or a health maintenance organization must be made within two years and include a detailed statement of the reasons for the adjustments. Currently, insurers are not required to provide an explanation of the reason for the adjustment. The bill requires that a claim for an overpayment adjustment must include the identification of the claim on which the overpayment was made; the party financially responsible for the amount overpaid; and the amount of the overpayment that is being reimbursed to the insurer or health maintenance organization through the adjusted subsequent claim. (This provision would not apply if the provider or enrollee has been charged with or convicted of fraud with respect to the claim on which the overpayment was made.)

Explanation of State Revenues:

Explanation of Local Expenditures: See *Explanation of State Expenditures*.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: Local units and school corporations.

Information Sources:

Fiscal Analyst: Bernadette Bartlett, 317-232-9586.